

CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT 07M
(EASTLAKE III WOODS, VISTAS AND LAND SWAP PARCEL)
COMMUNITY FACILITIES DISTRICT REPORT
(Revised)



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CITY OF CHULA VISTA
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PATTY DAVIS, COUNCILMEMBER
JOHN MCCANN, COUNCILMEMBER
JERRY RINDONE, COUNCILMEMBER
MARY SALAS, COUNCILMEMBER

CITY MANAGER
DAVE ROWLANDS



COMMUNITY FACILITIES DISTRICT REPORT CITY OF CHULA VISTA

COMMUNITY FACILITIES DISTRICT NO. 07M

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COMMUNITY FACILITIES DISTRICT REPORT CITY OF CHULA VISTA

COMMUNITY FACILITIES DISTRICT NO. 07M (Eastlake III Woods, Vistas and Land Swap Parcel)

INTRODUCTION

WHEREAS, the City Council of the City of Chula Vista (hereinafter referred to as the “Agency” or “legislative body of the local Agency”), in the State of California, did, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, being Chapter 2.5 of Part 1, of Division 2, of Title 5 of the Government Code of the State of California (“Act”), and specifically Section 53321.5 thereof and the City of Chula Vista Community Facilities District Ordinance enacted pursuant to the powers reserved by the City of Chula Vista under Sections 3, 5 and 7 of Article XI of the Constitution of the State of California (“Ordinance”) (the Act and Ordinance may be referred to collectively as the “Community Facilities District Law”), expressly ordered by adoption of Resolution No. 2002-246 the filing of a written Community Facilities District Report (“Report”) with the Agency for a proposed Community Facilities District with two designated improvement areas, which Community Facilities District shall be referred to as Community Facilities District No. 07M (Eastlake III Woods, Vistas and Land Swap Parcel), (hereinafter referred to as “CFD No. 07M”); and since the filing of such Report proceedings for the change and modification to the Rate and Method of Apportionment for Improvement Area No. 2 as well as an annexation to Improvement Area No. 2 has occurred. This Revised Community Facilities District Report (“Revised Report”) includes the documentation relating to the change and modification and Annexation No. 1.

WHEREAS, the Revised Report generally contains the following:

- a. a description of the revised Services by type which are required to adequately meet the needs of CFD No. 07M;
- b. an estimate of the cost of providing the revised Services, including incidental expenses and all other related costs including but not limited to the determination of the amount of any special taxes, collection of any special taxes, or costs otherwise incurred in order to carry out the authorized purposes of the Agency with respect to CFD No. 07M and any other expenses incidental to the maintenance and inspection of the authorized work to be paid through the proposed special taxes;

- c. the rate and method of apportionment of the special tax for Improvement Area No. 1 and the revised rate and method of apportionment for Improvement Area No. 2 in sufficient detail to allow each property owner within the proposed CFD No. 07M to estimate the maximum annual amount of payment.

For particulars, reference is made to the previously approved Resolution of Intention (Resolution No. 2002-245), the Resolution Ordering the Preparation of the Community Facilities District Report (Resolution No. 2002-246), the Resolution of Change and Modification (Resolution No. 2003-149), and the Resolution Initiating Annexation Proceedings (Resolution Nos. 2003-150 through 151).

NOW THEREFORE, MuniFinancial, the appointed responsible firm directed to prepare the Revised Report, pursuant to the provisions of the Code, does hereby submit the following:

A. DESCRIPTION OF SERVICES

The public services described below are proposed to be maintained by Community Facilities District No. 07M. The landscaping improvements include, but are not limited to, all landscaping material and facilities within each Improvement Area. These improvements include turf, ground cover, shrubs, trees, plants, irrigation and drainage systems, ornamental lighting structures, masonry walls or other fencing, trails, and associated appurtenant facilities located within the streetscape (parkway, median and slope perimeter landscaping) surrounding the development. The storm water quality improvements include, but are not limited to, maintenance of all storm water quality improvements within each Improvement Area. These services include the maintenance, repair, and replacement of storm drains, catch basin inserts, hydrodynamic devices, infiltration basins, and similar facilities. Both the landscape maintenance and storm drain maintenance allow for the collection of reserve fund and administration costs.

Improvement Area No. 1 (Eastlake Woods & Eastlake Vistas) Landscaping Maintenance

Hunte Parkway (North of Otay Lakes Road)

- ◆ Median (between Otay Lakes Road and Eastlake's north boundary)

Otay Lakes Road (From Hunte Parkway to Wueste Road)

- ◆ Medians
- ◆ North side of Otay Lakes Road (East of Woods Drive to Wueste Road)

Olympic Parkway (From SDG&E Easement to Hunte Parkway)

- ◆ Medians (from Station 50+20 to Hunte Parkway)
- ◆ North side of Olympic Parkway
- ◆ South side (trails)

Salt Creek Wetlands and slopes adjacent to wetland areas

Storm Water Quality Maintenance

Facilities directly related to removal of contaminants and solids from storm water throughout the Improvement Area including storm drains, catch basin inserts, hydrodynamic devices, infiltration basins, and similar facilities, including but not limited to the following:

- ◆ Eastlake Woods/Salt Creek detention basins: pipes, channels, structures, landscaping
- ◆ Eastlake Vistas infiltration basin located near Olympic Parkway and Wueste Road
- ◆ Pump Station south of Proctor Valley Road.

Improvement Area No. 2 (Land Swap Parcel) (Revised) **Landscaping Maintenance**

Olympic Parkway (from Future SR 125 to SDG&E Easement)

- ◆ Medians
- ◆ North side of Olympic Parkway

Eastlake Parkway (From SDG&E Easement to Olympic Parkway)

- ◆ Medians
- ◆ Parkway directly in front of the Otay Water District parcel

Storm Water Quality Maintenance

Facilities directly related to removal of contaminants and solids from storm water throughout the Improvement Area including storm drains, catch basin inserts, hydrodynamic devices, filtration basins, and similar facilities.

B. BOUNDARIES OF COMMUNITY FACILITIES DISTRICT

The boundaries of CFD No. 07M coincide with previously established parcels as shown on the latest County Assessor maps or approved parcel maps and include all properties on which special taxes may be levied to pay for the costs of services.

The boundaries of Improvement Area No. 2 were expanded with the passage of the Resolution Initiating Annexation Proceedings (Resolution Nos. 2003-150 through 151) Annexation No. 1 includes assessor parcel number 643-020-056.

The boundaries of CFD No. 07M are described on “Exhibit A”, reduced scale maps entitled “Boundary Map of Proposed Community Facilities District No. 07M” and “Boundary Map of Proposed Community Facilities District No. 07M Improvement Area No. 2, Annexation No. 1” which are attached hereto and incorporated herein. Two full-scale maps are on file with the Clerk of the City of Chula Vista and were recorded with the County Recorder, County of San Diego in Book 36, page 32 and Book 37, page 30 in the Book of Maps of Assessment and Community Facilities Districts, Instrument Numbers 2002-0603796 and 2003-0480869, respectively.

C. COST ESTIMATES FOR SERVICES

The establishment of CFD No. 07M was required to fund the perpetual operation and maintenance of slopes, medians and parkways and storm water treatment facilities associated with Eastlake III - Woods and Vistas and Land Swap Parcel (south parcel only) and Annexation No. 1. The revised initial budgets are estimated to be approximately \$484,000 for Improvement Area No. 1 and \$53,900 for Improvement Area No. 2.

Due to the preliminary stage of development planning for Improvement Area No. 2 when CFD No. 07M was formed, it was necessary to modify the budget and rate and method of apportionment. As a condition of approval of the Tentative Map, both of these items were reviewed and modified prior to approval of the first final map for the Land Swap Parcels. These changes are documented in the Resolution of Change and Modification (Resolution No. 2003-149) and the Resolution Authorizing the Submittal of Proposed Changes to the Rate and Method of Apportionment of Special Taxes (Resolution No. 2003-252).

For a more detailed cost estimate, please refer to “Exhibit B”.

D. RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES

The Resolution of Intention (Resolution No. 2002-245) generally sets forth the rates and methods of apportionment of the special tax, which allows each property owner within the proposed CFD to estimate the annual amount that would be required for payment if a special tax were levied. A method of apportionment and supplemental billing are outlined in the rate and method of apportionment. The rate and method of apportionment was modified for Improvement Area No. 2. These changes are documented in the Resolution of Change and Modification (Resolution No. 2003-149) and the Resolution Authorizing the Submittal of Proposed Changes to the Rate and Method of Apportionment of Special Taxes (Resolution No. 2003-252).

For particulars of the rates and methods of apportionment, see "Exhibit C", Rates and Methods of Apportionment of Special Tax.

E. GENERAL TERMS AND CONDITIONS

Services

The description of the Services, as set forth herein, is general in nature. The final nature and location of the facilities that will be maintained will be determined upon the preparation of final plans and specifications or the approval of services.

F. CONCLUSION

Based on information provided by, and discussions with, the Agency and the property owners, the Services and Facilities listed in this Report are those that are necessary to meet increased demands placed on the Agency as a result of development occurring within the boundaries of the City of Chula Vista. Further, it is my opinion that the special tax rates and methods of apportionment as set forth in "Exhibit C" are equitable and are not discriminatory or arbitrary and permit a purchaser of property subject to the special tax a fair means of determining his or her obligation.

MuniFinancial

By: Lyn Gruber
Lyn Gruber

EXHIBIT A

BOUNDARIES OF DISTRICT AND BOUNDARY MAP

Boundaries of District:

The exterior boundaries of CFD No. 07M are shown on the certain maps now on file in the Office of the City Clerk entitled "Boundary Map of Proposed Community Facilities District No. 07M" and "Boundary Map of Proposed Community Facilities District No. 07M Improvement Area No. 2, Annexation No. 1". These maps indicate by a boundary line the extent of the territory included in proposed CFD No. 07M, each improvement area and shall govern for all details as to the extent of CFD No. 07M and each Improvement Area. The parcels of real property within CFD No. 07M are described more particularly on the Assessor Parcel Maps and recorded Parcel Maps that are on file in the office of the San Diego County Assessor and are incorporated into this Report by reference. On May 27, 2003, Resolution No. 2003-233 was passed which annexed territory to Improvement Area No. 2. This territory lies north of the previously existing Improvement Area No. 2 and was identified, at the time of the passage of the resolution, as Assessor Parcel Number 643-020-56.

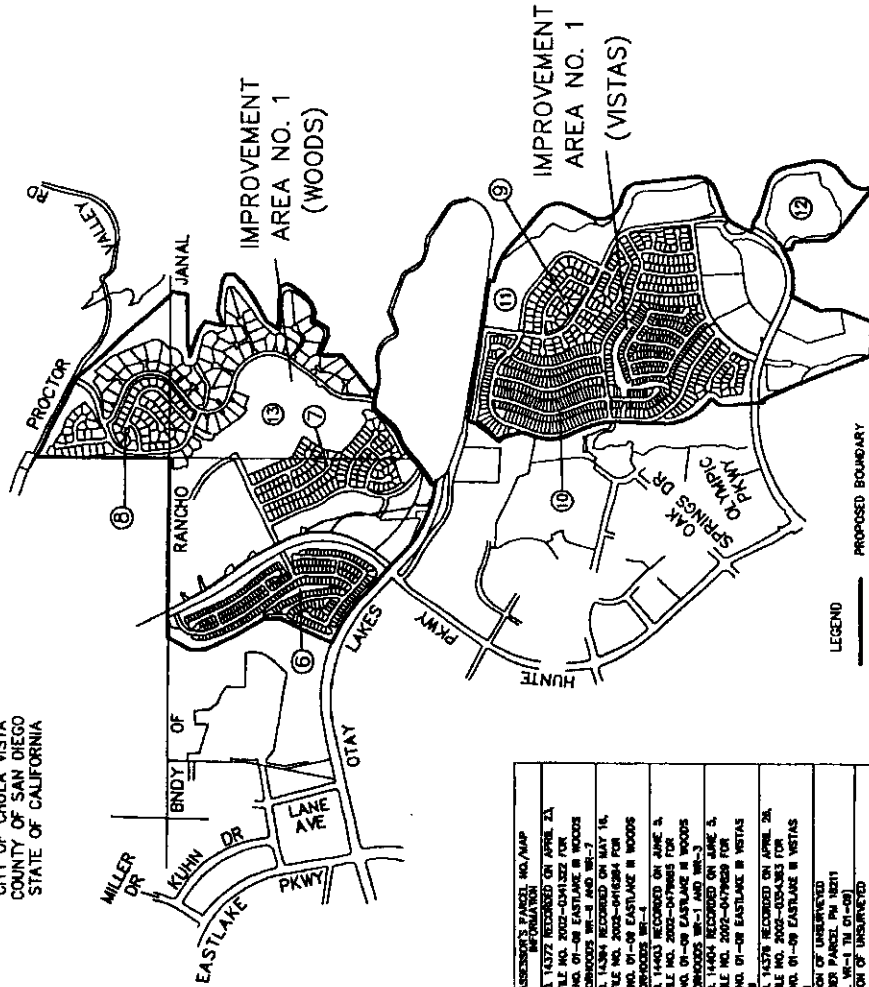
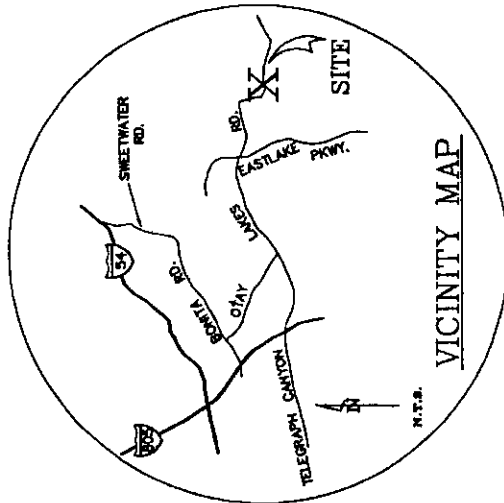
Boundary Map:

Reduced copies of the Boundary Maps follow. The original of such maps are on file in the Office of the City Clerk and in the records of the County Recorder, County of San Diego, and State of California.

SHEET 2 OF 2

BOUNDARY MAP OF PROPOSED
COMMUNITY FACILITIES DISTRICT NO. 07M

CITY OF CHULA VISTA
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA



LEGEND

PROPOSED BOUNDARY

MAP REFERENCE NUMBER

⑥

MAP REF. NO.	ASSESSOR'S PARCEL NO./MAP INFORMATION
6	MAP NO. 14372 RECORDED ON APRIL 23, 2002, FILE NO. 2002-041322 FOR TRACT NO. 01-08 EASTLAKE W WOODS
7	MAP NO. 14373 RECORDED ON MAY 14, 2002, FILE NO. 2002-041324 FOR TRACT NO. 01-08 EASTLAKE W WOODS
8	MAP NO. 14403 RECORDED ON JUNE 3, 2002, FILE NO. 2002-041325 FOR TRACT NO. 01-08 EASTLAKE W WOODS
9	MAP NO. 14404 RECORDED ON JUNE 3, 2002, FILE NO. 2002-041326 FOR TRACT NO. 01-08 EASTLAKE W WOODS
10	MAP NO. 14405 RECORDED ON JUNE 3, 2002, FILE NO. 2002-041327 FOR TRACT NO. 01-08 EASTLAKE W WOODS
11	REMANDED PARCEL PM 10211 (PARCEL 10-01-01-01-01)
12	REMANDED PARCEL PM 10211 (PARCEL 10-01-01-01-01)
13	REMANDED PARCEL PM 17677 (PARCEL 10-01-01-01-01)



6000' 300' 0' 1000'
SCALE: 1" = 1000'

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760081-0101-79 (01-0277) JUNE 2002

Bk 36 P632

2002-0603796

BOUNDARY MAP OF PROPOSED COMMUNITY FACILITIES DISTRICT NO. 07M

CITY OF CHULA VISTA
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA

MAP REF. NO.	ASSESSOR'S PARCEL NO.
1	843-000-03
2	843-000-01
3	843-000-05
4	843-000-13
5	843-000-20

IMPROVEMENT
AREA NO. 2
(LAND SWAP)

FILED IN THE OFFICE OF THE CITY CLERK THIS 17th DAY OF July 2002

CITY CLERK
CITY OF CHULA VISTA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF CITY OF CHULA VISTA COMMUNITY FACILITIES DISTRICT NO. 07M, CITY OF CHULA VISTA, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF CHULA VISTA AT A REGULAR MEETING HELD ON THE 15th DAY OF JULY 2002, BY ITS RESOLUTION NO. 2002-07-01.

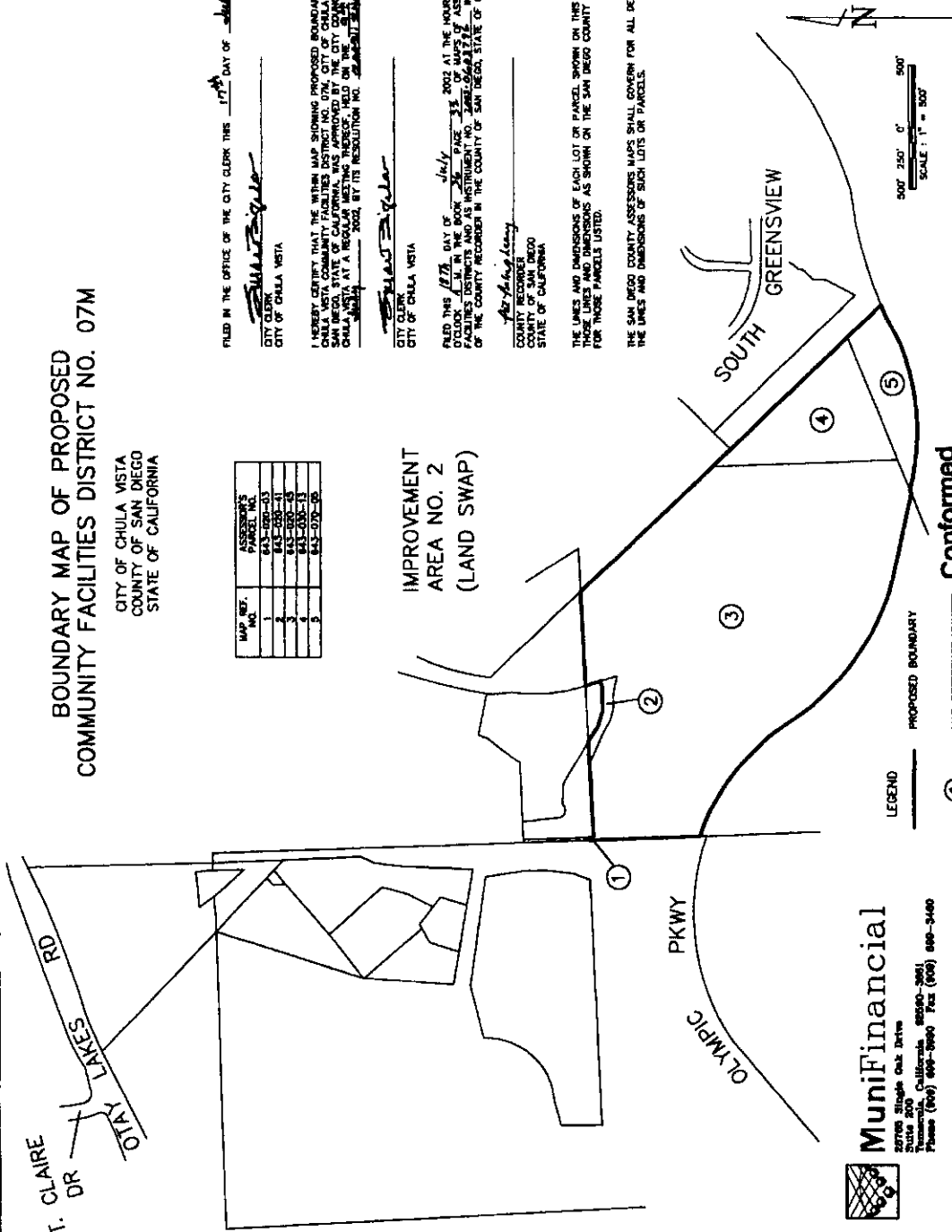
CITY CLERK
CITY OF CHULA VISTA

FILED THIS 17th DAY OF July 2002 AT THE HOUR OF 11:40 AM IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA.

COUNTY RECORDER
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS MAP SHALL BE THE LINES AND DIMENSIONS AS SHOWN ON THE SAN DIEGO COUNTY ASSESSOR'S MAPS FOR THOSE PARCELS LISTED.

THE SAN DIEGO COUNTY ASSESSOR'S MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH LOTS OR PARCELS.



MuniFinancial
22700 Shady Oak Drive
Suite 200
Torrance, California 90503-2901
Phone (310) 606-5960 Fax (310) 606-3400

LEGEND
—— PROPOSED BOUNDARY
① MAP REFERENCE NUMBER

700001-001-78 (02-027) JUNE 2002

2002-0603796

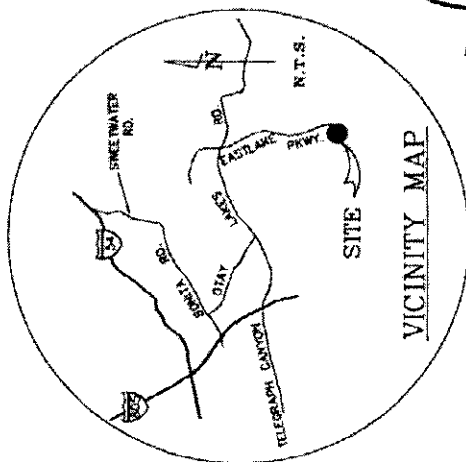
BK36 PG 32

Conformed Copy

SHEET 1 OF 1

BOUNDARY MAP OF PROPOSED COMMUNITY FACILITIES DISTRICT NO. 07M IMPROVEMENT AREA NO. 2, ANNEXATION NO. 1

CITY OF CHULA VISTA
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA



EASTLAKE
PKWY

Annexation
Area

Scale: 1" = 500'

500' 250' 0' 250' 500'

VICINITY MAP

N



FILED IN THE OFFICE OF THE CITY CLERK THIS 10th DAY OF April 2003.

[Signature]
CITY CLERK
CITY OF CHULA VISTA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF CITY OF CHULA VISTA COMMUNITY FACILITIES DISTRICT NO. 07M, IMPROVEMENT AREA NO. 2, ANNEXATION NO. 1, CITY OF CHULA VISTA, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, WAS PREPARED IN ACCORDANCE WITH THE SAN DIEGO COUNTY ASSESSORS' MAPS ACT, AND THAT THE MAP WAS PRESENTED TO THE CITY CLERK FOR RECORDATION ON APRIL 10, 2003, BY ITS RESOLUTION NO. 2003-152.

[Signature]
CITY CLERK
CITY OF CHULA VISTA

FILED THIS 25th DAY OF APRIL 2003 AT THE HOUR OF 10:23 O'CLOCK A.M. IN THE BOOK 372 PAGE 372 OF MAPS OF ASSESSORS' AND COMMUNITY FACILITIES DISTRICTS AND AS INSTRUMENT NO. 2003-152 IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA.

[Signature]
COUNTY RECORDER
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA

REFERENCE IS MADE TO THAT BOUNDARY MAP OF COMMUNITY FACILITIES DISTRICT NO. 07M, IMPROVEMENT AREA NO. 2, ANNEXATION NO. 1, CITY OF CHULA VISTA, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, WITH THE SAN DIEGO COUNTY RECORDER'S OFFICE IN BOOK 30 OF MAPS OF ASSESSORS' AND COMMUNITY FACILITIES DISTRICTS, PAGES 32 AS INSTRUMENT NO. 2002-080796.

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS SHADOW MAPS BE FENCE LINES AND DIMENSIONS AS SHOWN ON THE SAN DIEGO COUNTY ASSESSORS' MAPS FOR THOSE PARCELS LISTED.

THE SAN DIEGO COUNTY ASSESSORS' MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH LOTS OR PARCELS.

LEGEND
PROPOSED BOUNDARY

ASSESSOR'S PARCEL NO. 153-000-58
--

MuniFinancial
27044 Via Indulgencia
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7400311-0101-07 (01-006) 140001 2003

Conformed
Copy

2003-0480869

Pg 30

BK 37

Site Location:

Improvement Area No. 1

Improvement Area No. 1 (Eastlake III Woods and Vistas) is proposed to include 1,597 Single Family Residences, 416 Multi-Family units, and 26 acres of commercial development on approximately 737 gross acres/347 taxable acres. Improvement Area No. 1 is located north and south of Otay Lakes Road with Hunte Parkway forming the eastern border north of Otay Lakes Road and Wueste Road forming the western border south of Otay Lakes Road. The northern border is generally Proctor Valley Road and the southern border is generally Olympic Parkway. Two small areas fall south of Olympic Parkway.

Improvement Area No. 2

Improvement Area No. 2 (Land Swap) is proposed to include 258 Single Family Residences, 199 Multi-Family units and 40 acres of commercial development. Improvement Area No. 2 is generally located north of Olympic Parkway west of the future SR 125 and east of the SDG&E easement.

EXHIBIT B

COST ESTIMATES

SUBSTITUTION OF SERVICES AND FACILITIES

The description of the Services and Facilities, as set forth herein, is general in its nature. The final nature and location of the Services and Facilities will be determined upon the preparation of final plans and specifications. The final plans may show substitutes in lieu of, or modification to, the proposed Services and Facilities in order to provide the public Services and Facilities necessitated by development occurring in CFD No. 07M, and any such substitution shall not be a change or modification in the proceedings as long as such substitute Services and Facilities serve a function or provide a service substantially similar to that function served or the service provided by the Services and Facilities described in this Report. The original landscape and storm water maintenance for Improvement Area No. 2 was modified with the Resolution of Change and Modification (Resolution No. 2003-149)

I. LANDSCAPE MAINTENANCE BUDGET

	Landscaped Area	Cost Per Unit	Duration	Total Annual Cost
Improvement Area No. 1 (Woods & Vistas)				
Olympic Parkway -SDG&E Easement to Hunte Parkway				
Planted Area	74,120	\$ 0.393	Yr	\$ 29,129
D.G. Trail	34,455	0.057	Yr	1,974
Median Concrete	14,470	0.010	Yr	145
Concrete Other	680	0.010	Yr	7
Total				\$ 31,254
Otay Lakes Road - Hunte Parkway to Wueste Road				
Planted Area - Median	31,400	\$ 0.393	Yr	\$ 12,340
Planted Area - Slopes	99,620	0.198	Yr	19,758
Median Concrete	15,600	0.010	Yr	156
Total				\$ 32,254
Hunte Parkway - North of Otay Lakes Road & Woods/Salt Creek				
Planted Area - Median	45,123	\$ 0.393	Yr	\$ 17,733
Planted Area - Slopes	944,541	0.198	Yr	187,334
Wetlands Area	234,502	0.060	Yr	14,070
Detention Basins	188,326	0.060	Yr	11,300
Total				\$ 230,437
Total Improvement Area No. 1				\$ 293,945



Improvement Area No. 2 (Landswap)
Olympic Parkway -SR 125 to SDG&E Easement

	Landscaped Area	Cost Per Unit	Duration	Total Annual Cost
Planted Area	54,926	\$ 0.420	Yr	\$ 23,069
D.G. Trail	38,584	0.057	Yr	2,210
Temporary Trail	5,784	0.050	Yr	289
Median Concrete	4,860	0.010	Yr	49
Concrete Other	4,385	0.010	Yr	44
D. G. Trail (internal)	20,175	0.057	Yr	1,156
Total				\$ 26,816

EastLake Parkway - Current South Terminus to Olympic Pkwy

Median Planted	17,893	\$ 0.420	Yr	\$ 7,515
Median Concrete	8,947	0.010	Yr	89
Parkway Landscape	4,156	0.042	Yr	1,746
Parkway Concrete	17,230	0.104	Yr	752
Parkway Retaining Wall	638	0.100	Yr	64
Parkway Drainage	1,808	0.027	Yr	69
Total				\$ 10,215

Total Improvement Area No. 2 **\$ 37,031**

Total Landscape Budget **\$ 330,628**

II. STORM WATER MAINTENANCE BUDGET

Woods Stormwater Maintenance	Number of Units	Cost per Service	Services per Year	Total Annual Cost
Detention Basin	1	\$ 20,540	1	\$ 20,540
Pump Station (O&M)	1	6,070	1	6,070
Drainpacs - Maintenance	70	100	4	28,000
Drainpacs - Replace Filter Bag	70	200	0.5	7,000
CDS Units	3	1,088	4	13,056
CDS Screen Replacement (1)	3	67	1	201
Annual CDS Unit Inspection	3	370	1	1,110
Total				\$ 75,977

Vistas Stormwater Maintenance

Olympic Parkway Filtration Basin	1	\$ 8,170	1	\$ 8,170
Drainpacs - Maintenance	21	100	4	8,400
Drainpacs - Replace Filter Bag	21	200	0.5	2,100



CDS Line 1	1	450	4	1,800
Number of Units Cost per Service Services per Year Total Annual Cost				
CDS Line 2	1	675	4	2,700
CDS Line 3	1	950	4	3,800
CDS Line 4	1	450	4	1,800
CDS Line 5	1	1,275	4	5,100
CDS Screen Replacement	5	67	1	335
Annual CDS Unit Inspection	5	370	1	1,850
Total			\$	36,055

Land Swap Area Stormwater Maintenance

CDS Unit 5	1	\$ 800	4	\$ 3,200
CDS Screen Replacement	5	67	1	335
Annual CDS Unit Inspection	5	370	1	1,850
Drainpacs - Replace Filter Bag	11	200	0.5	1,000
Drainpacs - Maintenance	11	100	4	4,400
Total			\$	9,137

Vactor Truck	1	\$ 78,757	0.13	\$ 10,238
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TOTAL LANDSCAPE AND STORM WATER MAINTENANCE COST PER YEAR	\$ 465,683
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III. ADMINISTRATIVE EXPENSES	\$ 30,000
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IV. RESERVE	\$ 48,544
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V. TOTAL ANNUAL COSTS	\$ 544,228
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EXHIBIT C

**CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 07M
RATE AND METHOD OF APPORTIONMENT FOR
IMPROVEMENT AREA NO. 1
(Eastlake Woods and Vistas)**

A Special Tax of Community Facilities District No. 07M (Eastlake III Woods, Vistas, and Land Swap Parcel) of the City of Chula Vista ("CFD") shall be levied on all Assessor's Parcels in Improvement Area No. 1 of the CFD and collected each Fiscal Year commencing in Fiscal Year 2002-03 in an amount determined through the application of the rate and method of apportionment of the Special Tax set forth below. All of the real property in the CFD, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, other final map, other parcel map, other condominium plan, or functionally equivalent map or instrument recorded in the Office of the County Recorder. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the actual or estimated costs incurred by the City, acting for and on behalf of the CFD as the administrator thereof, to determine, levy and collect the Special Taxes, including salaries of City employees and a proportionate amount of the City's general administrative overhead related thereto, and the fees of consultants and legal counsel providing services related to the administration of the CFD; the costs of collecting installments of the Special Taxes; and any other costs required to administer IA No. 1 of the CFD as determined by the City.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned assessor's parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by assessor's parcel number.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD" means Community Facilities District No. 07M of the City of Chula Vista.

"City" means the City of Chula Vista.

"City Clerk" means the City Clerk for the City of Chula Vista or his or her designee.

"City Manager" means the City Manager for the City of Chula Vista or his or her designee.

"Community Purpose Facility Property" or "CPF Property" means all Assessor's Parcels which are classified as community purpose facilities and meet the requirements of City of Chula Vista Ordinance No. 2452.

"Council" means the City Council of the City of Chula Vista, acting as the legislative body of the CFD.

"County" means the County of San Diego, California.

"Developed Property" means all Taxable Property for which a building permit was issued after January 1, 2002, but prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied.

"Final Map Property" means a single family residential lot created by a Final Subdivision Map, but which is not classified as Developed Property.

"Final Subdivision Map" means a subdivision of property creating buildable lots by recordation of a final subdivision map or parcel map pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.), or recordation of a condominium plan pursuant to California Civil Code 1352, that creates individual lots for which building permits may be issued without further subdivision and is recorded prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Improvement Area No. 1" or "IA No. 1" means Improvement Area No. 1 of the CFD, as identified on the boundary map for the CFD.

"Land Use Class" means any of the classes listed in Table 1 or Table 2.

"Landscape Maintenance" means the labor, material, administration, personnel, equipment and utilities necessary to maintain landscaped areas within the public right-of-ways, parkways, slopes, wetlands and other public easements throughout the CFD.

"Landscape Maintenance Requirement" means, for any Fiscal Year in which Special Taxes are levied, the amount equal to the budgeted costs for Landscape Maintenance applicable to IA No. 1 for such Fiscal Year.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C below, that may be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Multi-Family Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for a residential structure consisting of two or more residential units that share common walls, including, but not limited to, duplexes, triplexes, townhomes, condominiums, and apartment units.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued for a structure or structures for non-residential use.

"Operating Fund" means a fund that shall be maintained for IA No. 1 for each Fiscal Year to pay for Landscape Maintenance and Storm Water Quality Maintenance and Administrative Expenses.

"Operating Fund Requirement" means, for any Fiscal Year, the sum of the applicable Landscape Maintenance Requirement and the applicable Storm Water Quality Maintenance Requirement.

"Other Taxable Property" means, for each Fiscal Year, all Undeveloped Property not classified as Developed Property, Final Map Property, or Taxable Property Owners Association Property.

"Property Owner Association Property" means any property within the boundaries IA No. 1 of the CFD that is owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder to, a property owner association, including any master or sub-association.

"Proportionately" means in a manner such that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Taxable Property within each Land Use Class.

"Public Property" means any property within the boundaries of IA No. 1 of the CFD that is, at the time of the CFD formation, expected to be used for any public purpose and is owned by or dedicated to the federal government, the State, the County, the City or any other public agency.

"Reserve Fund" means a fund that shall be maintained for IA No. 1 for each Fiscal Year to provide necessary cash flow for the first six months of each Fiscal Year, reserve capital to cover monitoring, maintenance and repair cost overruns and delinquencies in the payment of Special Taxes and a reasonable buffer to prevent large variations in annual Special Tax levies.

"Reserve Fund Requirement" means an amount equal to up to 100% of the Operating Fund Requirement for any Fiscal Year.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued for purposes of constructing one residential dwelling unit.

"Special Tax" means the Special Tax levied pursuant to the provisions of sections C and D below in each Fiscal Year on each Assessor's Parcel of Developed Property and Undeveloped Property in IA No. 1 to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount required in any Fiscal Year for IA No. 1 to: (a) (i) pay the Landscape Maintenance Requirement; (ii) pay the Storm Water Quality Maintenance Requirement; (iii) pay reasonable Administrative Expenses; (iv) pay any amounts required to establish or replenish the Reserve Fund to the Reserve Fund Requirement; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (b) a credit for funds available to reduce the annual Special Tax levy, including the excess, if any, in the Reserve Fund above the Reserve Fund Requirement.

"Square Foot" means the square footage as shown on an Assessor's Parcel's building permit of Residential Property or Multi-Family Property, excluding garages or other structures not used as living space.

"State" means the State of California.

"Storm Water Quality Maintenance" means the maintenance of detention basins, storm drains, catch basin inserts, hydrodynamic devices, infiltration basins, and all other facilities that are directly related to storm water quality control throughout IA No. 1.

"Storm Water Quality Maintenance Requirement" means for any Fiscal Year an amount equal to the budgeted costs for Storm Water Quality Maintenance applicable to IA No. 1 for the current Fiscal Year in which Special Taxes are levied.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of IA No. 1 of the CFD that are not exempt from the Special Tax pursuant to law or as defined below.

"Tax-Exempt Property" means an Assessor's Parcel not subject to the Special Tax. Tax-Exempt Property includes: (i) Public Property, or (ii) Property Owner Association Property, or (iii) Assessor's Parcels defined as Community Purpose Facility Property that is owned by a non-profit organization and has provided proof to the City prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied of the organization's non-profit status, or (v) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

"Taxable Property Owner Association Property" means all Property Owner Association Property which is not exempt from the Special Tax pursuant to Section E below.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year using the definitions above, all Taxable Property within IA No. 1 of the CFD shall be classified as Developed Property, Final Map Property or Undeveloped Property, and shall be subject to Special Taxes pursuant to Sections C and D below. Developed Property shall be further assigned to a Land Use Class as specified in Table 1. Undeveloped Property shall be further assigned to a Land Use Class as specified in Table 2. Assessor's Parcels of CPF Property not classified as exempt in accordance with Section E below shall be taxed as Non-Residential Property when such Assessor's Parcel is classified as Developed Property. If the Assessor's Parcel is Undeveloped it shall be classified as Other Taxable Property.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

TABLE 1
Maximum Special Tax for Developed Property
Community Facilities District No. 07M
Improvement Area No. 1

Land Use Class	Description	Landscape Maintenance	Storm Water Quality Maintenance	Maximum Special Tax
1	Residential Property	\$0.076 per Sq Ft	\$0.031 per Sq Ft	\$0.108 per Sq Ft
2	Multi-Family Property	\$0.076 per Sq Ft	\$0.031 per Sq Ft	\$0.108 per Sq Ft
3	Non-Residential Property	\$991.98 per Acre	\$404.59 per Acre	\$1,396.57 per Acre

Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax that may be levied on such an Assessor's Parcel shall be the sum of the Maximum Special Tax levies that may be imposed on all Land Use Classes located on that Assessor's Parcel. The CFD Administrator shall determine the allocation to each Land Use Class.

2. Undeveloped Property

TABLE 2
Maximum Special Tax for Undeveloped Property
Community Facilities District No. 07M
Improvement Area No. 1

Land Use Class	Description	Landscape Maintenance	Storm Water Quality Maintenance	Maximum Special Tax
4	Final Map Property	\$991.98 per Acre	\$404.59 per Acre	\$1,396.57 per Acre
5	Other Taxable Property	\$991.98 per Acre	\$404.59 per Acre	\$1,396.57 per Acre
6	Taxable Property Owner Association Property	\$991.98 per Acre	\$404.59 per Acre	\$1,396.57 per Acre

3. Annual Escalation of Maximum Special Tax

The Maximum Special Tax as shown in the tables above that may be levied on each Assessor's Parcel in IA No. 1 shall be increased each Fiscal Year beginning in Fiscal Year 2003-04 and thereafter by a factor equal to the annual percentage increase, if any, in the San Diego Metropolitan Area All Urban Consumer Price Index (All Items).

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2002-03, and for each following Fiscal Year, the Council shall levy the IA No. 1 Special Tax at the rates established pursuant to steps 1 through 4 below so that the amount of the Special Tax levied equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on

each Assessor's Parcel of Final Map Property at up to 100% of the Maximum Special Tax for Final Map Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Other Taxable Property at up to 100% of the Maximum Special Tax for Other Taxable Property;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax shall be levied proportionately on each Assessor's Parcel of Taxable Property Owner Association Property at up to 100% of the Maximum Special Tax for Taxable Property Owner Association Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property or Multi-Family Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent annually up to the Maximum Special Tax as a consequence of delinquency or default by the owner of any other Assessor's Parcel within IA No. 1 of the CFD.

E. EXEMPTIONS

The CFD Administrator shall classify as exempt property (i) Assessor's Parcels defined as Public Property, (ii) Assessor's Parcels defined as Community Purpose Facility Property that are owned by a non-profit organization which has provided proof to the City prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied of the organization's non-profit status, and (iii) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

The CFD Administrator shall classify as exempt property those Assessor's Parcels defined as Property Owner's Association Property provided that no such classification would reduce the sum of all taxable Property to less than 346.59 Acres. Assessor's Parcels defined as Property Owner Association Property that cannot be classified as exempt property will be classified as Taxable Property Owner Association Property and shall be taxed as part of the fourth step in Section D.

The CFD Administrator will assign Tax-Exempt status in the chronological order in which property becomes exempt.

F. APPEALS

Any landowner or resident who pays the Special Tax and believes that the amount of the Special Tax levied on their Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error. If following such consultation, the CFD Administrator determines that an error has occurred, the CFD Administrator may amend the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action, if any by the CFD Administrator, the landowner or resident believes such error still exists, such person may file a written notice with the City Clerk of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. Upon the receipt of any such notice, the City Clerk shall forward a copy of such notice to the City Manager who shall establish as part of the proceedings and administration of the CFD, a special three-member Review/Appeal Committee. The Review/Appeal Committee may establish such procedures, as it deems necessary to undertake the review of any such appeal. The Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

E. MANNER OF COLLECTION

Special Taxes levied pursuant to Section D above shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the CFD Administrator may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of IA No. 1 of the CFD or as otherwise determined appropriate by the CFD Administrator.

F. TERM OF SPECIAL TAX

Taxable Property in IA No. 1 of the CFD shall remain subject to the Special Tax in perpetuity.

**CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT NO. 07M
RATE AND METHOD OF APPORTIONMENT FOR
IMPROVEMENT AREA NO. 2 (REVISED)
(Land Swap Parcel)**

A Special Tax of Community Facilities District No. 07M (Eastlake III Woods, Vistas and Land Swap Parcel) of the City of Chula Vista ("CFD") shall be levied on all Assessor's Parcels in Improvement Area No. 2 of the CFD and collected each Fiscal Year commencing in Fiscal Year 2002-03 in an amount determined through the application of the rate and method of apportionment of the Special Tax set forth below. All of the real property in the CFD, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, other final map, other parcel map, other condominium plan, or functionally equivalent map or instrument recorded in the Office of the County Recorder. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the actual or estimated costs incurred by the City, acting for and on behalf of the CFD as the administrator thereof, to determine, levy and collect the Special Taxes, including salaries of City employees and a proportionate amount of the City's general administrative overhead related thereto, and the fees of consultants and legal counsel providing services related to the administration of the CFD; the costs of collecting installments of the Special Taxes; and any other costs required to administer IA No. 2 of the CFD as determined by the City.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned assessor's parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by assessor's parcel number.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD" means Community Facilities District No. 07M of the City of Chula Vista.

"City" means the City of Chula Vista.

"City Clerk" means the City Clerk for the City of Chula Vista or his or her designee.

"City Manager" means the City Manager for the City of Chula Vista or his or her designee.

"Community Purpose Facility Property" or "CPF Property" means all Assessor's Parcels which are classified as community purpose facilities and meet the requirements of City of Chula Vista Ordinance No. 2452.

"Council" means the City Council of the City of Chula Vista, acting as the legislative body of the CFD.

"County" means the County of San Diego, California.

"Developed Property" means all Taxable Property for which a building permit was issued after January 1, 2002, but prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied.

"Final Subdivision Map" means a subdivision of property creating buildable lots by recordation of a final subdivision map or parcel map pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.), or recordation of a condominium plan pursuant to California Civil Code 1352, that creates individual lots for which building permits may be issued without further subdivision and is recorded prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Improvement Area No. 2" or "IA No. 2" means Improvement Area No. 2 of the CFD, as identified on the boundary map for the CFD.

"Land Use Class" means any of the classes listed in Table 1 or Table 2.

"Landscape Maintenance" means the labor, material, administration, personnel, equipment and utilities necessary to maintain landscaped areas within the public right-of-ways, parkways, slopes, wetlands and other public easements throughout the CFD.

"Landscape Maintenance Requirement" means, for any Fiscal Year in which Special Taxes are levied, the amount equal to the budgeted costs for Landscape Maintenance applicable to IA No. 2 for such Fiscal Year.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C below, that may be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Multi-Family Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for a residential structure consisting of two or more residential units that share common walls, including, but not limited to, duplexes, triplexes, townhomes, condominiums, and apartment units.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued for a structure or structures for non-residential use.

"Operating Fund" means a fund that shall be maintained for IA No. 2 for each Fiscal Year to pay for Landscape Maintenance and Storm Water Quality Maintenance and Administrative Expenses.

"Operating Fund Requirement" means, for any Fiscal Year, the sum of the applicable Landscape Maintenance Requirement and the applicable Storm Water Quality Maintenance Requirement.

"Other Taxable Property" means, for each Fiscal Year, all Undeveloped Property not classified as Developed Property, Subdivided Lot Property, or Taxable Property Owners Association Property.

"Property Owner Association Property" means any property within the boundaries IA No. 2 of the CFD that is owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder to, a property owner association, including any master or sub-association.

"Proportionately" means in a manner such that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Taxable Property within each Land Use Class.

"Public Property" means any property within the boundaries of IA No. 2 of the CFD that is, at the time of the CFD formation, expected to be used for any public purpose and is owned by or dedicated to the federal government, the State, the County, the City or any other public agency.

"Reserve Fund" means a fund that shall be maintained for IA No. 2 for each Fiscal Year to provide necessary cash flow for the first six months of each Fiscal Year, reserve capital to cover monitoring, maintenance and repair cost overruns and delinquencies in the payment of Special Taxes and a reasonable buffer to prevent large variations in annual Special Tax levies.

"Reserve Fund Requirement" means an amount equal to up to 100% of the Operating Fund Requirement for any Fiscal Year.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued for purposes of constructing one residential dwelling unit.

"Special Tax" means the Special Tax levied pursuant to the provisions of sections C and D below in each Fiscal Year on each Assessor's Parcel of Developed Property and Undeveloped Property in IA No. 2 to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount required in any Fiscal Year for IA No. 2 to: (a) (i) pay the Landscape Maintenance Requirement; (ii) pay the Storm Water Quality Maintenance Requirement; (iii) pay reasonable Administrative Expenses; (iv) pay any amounts required to establish or replenish the Reserve Fund to the Reserve Fund Requirement; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (b) a credit for funds available to reduce the annual Special Tax levy, including the excess, if any, in the Reserve Fund above the Reserve Fund Requirement.

"Square Foot" means the square footage as shown on an Assessor's Parcel's building permit of Residential Property or Multi-Family Property, excluding garages or other structures not used as living space.

"State" means the State of California.

"Storm Water Quality Maintenance" means the maintenance of detention basins, storm drains, catch basin inserts, hydrodynamic devices, infiltration basins, and all other facilities that are directly related to storm water quality control throughout IA No. 2.

"Storm Water Quality Maintenance Requirement" means for any Fiscal Year an amount equal to the budgeted costs for Storm Water Quality Maintenance applicable to IA No. 2 for the current Fiscal Year in which Special Taxes are levied.

"Subdivided Lot Property" means a single family residential lot created by a Final Subdivision Map, but which is not classified as Developed Property.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of IA No. 2 of the CFD that are not exempt from the Special Tax pursuant to law or as defined below.

"Tax-Exempt Property" means an Assessor's Parcel not subject to the Special Tax. Tax-Exempt Property includes: (i) Public Property, or (ii) Property Owner Association Property, or (iii) Assessor's Parcels defined as Community Purpose Facility Property that is owned by a non-profit organization and has provided proof to the City prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied of the organization's non-profit status, or (v) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

"Taxable Property Owner Association Property" means all Property Owner Association Property which is not exempt from the Special Tax pursuant to Section E below.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year using the definitions above, all Taxable Property within IA No. 2 of the CFD shall be classified as Developed Property, Subdivided Lot Property or Undeveloped Property, and shall be subject to Special Taxes pursuant to Sections C and D below. Developed Property shall be further assigned to a Land Use Class as specified in Table 1. Undeveloped Property shall be further assigned to a Land Use Class as specified in Table 2. Assessor's Parcels of CPF Property not classified as exempt in accordance with Section E below shall be taxed as Non-Residential Property when such Assessor's Parcel is classified as Developed Property. If the Assessor's Parcel is Undeveloped it shall be classified as Other Taxable Property.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

TABLE 1
Maximum Special Tax for Developed Property
Community Facilities District No. 07M
Improvement Area No. 2

Land Use Class	Description	Maximum Special Tax
1	Residential Property	\$ 0.070 per Sq Ft
2	Multi-Family Property	\$ 0.070 per Sq Ft
3	Non-Residential Property	\$386.78 per Acre

Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax that may be levied on such an Assessor's Parcel shall be the sum of the Maximum Special Tax levies that may be imposed on all Land Use Classes located on that Assessor's Parcel. The CFD Administrator shall determine the allocation to each Land Use Class.

2. Undeveloped Property

TABLE 2
Maximum Special Tax for Undeveloped Property
Community Facilities District No. 07M
Improvement Area No. 2

Land Use Class	Description	Maximum Special Tax
4	Subdivided Lot Property	\$1,054.95 per Acre
5	Other Taxable Property	\$1,054.95 per Acre
6	Taxable Property Owner Association Property	\$1,054.95 per Acre

3. Annual Escalation of Maximum Special Tax

The Maximum Special Tax as shown in the tables above that may be levied on each Assessor's Parcel in IA No. 2 shall be increased each Fiscal Year beginning in Fiscal Year 2003-04 and thereafter by a factor equal to the annual percentage increase, if any, in the San Diego Metropolitan Area All Urban Consumer Price Index (All Items).

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2002-03, and for each following Fiscal Year, the Council shall levy the IA No. 2 Special Tax at the rates established pursuant to steps 1 through 4 below so that the amount of the Special Tax levied equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Subdivided Lot Property at up to 100% of the Maximum Special Tax for Subdivided Lot Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Other Taxable Property at up to 100% of the Maximum Special Tax for Other Taxable Property;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax shall be levied proportionately on each Assessor's Parcel of Taxable Property Owner Association Property at up to 100% of the Maximum Special Tax for Taxable Property Owner Association Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property or Multi-Family Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent annually up to the Maximum Special Tax as a consequence of delinquency or default by the owner of any other Assessor's Parcel within IA No. 2 of the CFD.

E. EXEMPTIONS

The CFD Administrator shall classify as exempt property (i) Assessor's Parcels defined as Public Property, (ii) Assessor's Parcels defined as Community Purpose Facility Property that are owned by a non-profit organization which has provided proof to the City prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied of the organization's non-profit status, and (iii) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

The CFD Administrator shall classify as exempt property those Assessor's Parcels defined as Property Owner's Association Property provided that no such classification would reduce the sum of all taxable Property to less than 76.23 Acres. Assessor's Parcels defined as Property Owner Association Property that cannot be classified as exempt property will be classified as Taxable Property Owner Association Property and shall be taxed as part of the fourth step in Section D.

The CFD Administrator will assign Tax-Exempt status in the chronological order in which property becomes exempt.

F. APPEALS

Any landowner or resident who pays the Special Tax and believes that the amount of the Special Tax levied on their Assessor's Parcel is in error shall first consult with the

CFD Administrator regarding such error. If following such consultation, the CFD Administrator determines that an error has occurred, the CFD Administrator may amend the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action, if any by the CFD Administrator, the landowner or resident believes such error still exists, such person may file a written notice with the City Clerk of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. Upon the receipt of any such notice, the City Clerk shall forward a copy of such notice to the City Manager who shall establish as part of the proceedings and administration of the CFD, a special three-member Review/Appeal Committee. The Review/Appeal Committee may establish such procedures, as it deems necessary to undertake the review of any such appeal. The Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons. IA No. 2

G. MANNER OF COLLECTION

Special Taxes levied pursuant to Section D above shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the CFD Administrator may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of IA No. 2 of the CFD or as otherwise determined appropriate by the CFD Administrator.

H. TERM OF SPECIAL TAX

Taxable Property in IA No. 2 of the CFD shall remain subject to the Special Tax in perpetuity.